

Charitable **R**egistration

and

Investigation **A**ct

General Information

An instructional booklet prepared by
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In 1994, the New Jersey Legislature enacted the Charitable Registration and Investigation Act (“CRI Act”) (N.J.S.A. 45:17A-18 et seq.) to combat fraudulent charitable activities by making crucial information available to the public. The CRI Act requires all charitable organizations and professional fund-raisers to register with the Charities Registration and Investigation Section of the Division of Consumer Affairs annually and provide reports about their activities. The information collected regarding how these organizations and fund-raisers raise and spend contributors’ donations, is then provided to the general public so that citizens can make informed decisions concerning which organizations are most deserving of their financial support. The following questions and answers will help you understand and comply with the CRI Act.

Who must register?

The CRI Act requires **all** but a small category of charitable organizations in the state of New Jersey to register annually with the Charities Registration Section. The law defines a “charitable organization” in three ways:

1. any organization given the **501(c)(3)** status by the IRS, regardless of its solicitation practices or the size of the group;
2. any person who is or holds him/herself out to be, **“established for a benevolent, philanthropic, humane, social welfare, public health, or other eleemosynary purpose, or for the benefit of law enforcement personnel, firefighters or other persons who protect the public safety,”** or
3. any person **“who in any manner employs a charitable appeal as the basis of any solicitation, or an appeal which has a tendency to suggest there is a charitable purpose to any such solicitation.”** [Emphasis added.]

If your organization falls within any of these categories, you **must** register the organization with the Charities Registration Section annually.

What is meant by “register”?

The CRI Act requires certain materials to be submitted **annually**. To register an organization for the **first** time, the law requires you to submit a copy of your bylaws, articles of incorporation, IRS tax exemption letter, most recent Form 990 (if the organization’s annual contributions exceed \$25,000) and the Charities Registration Section’s Initial Registration Form (CRI-150I or CRI-200).

Charitable organizations must **renew** their registrations annually. Renewal registrations are due six months after the organization’s fiscal year ends. A copy of the Form 990 and a Charities Registration Renewal Form are required (CRI-300R or CRI-200). If the organization’s total gross revenue exceeds \$100,000 annually, the CRI Act also requires a certified audit.

Which registration form should my organization be using?

The required registration form depends on the amount of gross contributions raised by the organization. If the organization raises **less than \$25,000 annually, AND all fund raising is done by the organization’s employees or volunteers**, the Short Form Verification Statement CRI-200 is required. This form can be used to file initial registrations as well as renewals.

If the organization raises **more than \$25,000 annually OR** if the organization contracts with a **Professional Fund-Raiser** to conduct its fund raising, the Long Form Registration Statement must be used. Form CRI-150I is for initial registration and Form CRI-300R is for annual renewals.

If your organization is a **private foundation** that does not solicit from the general public, the proper form is the CRI-200, as long as all of the money in the foundation is given by the founder (creator) of the foundation. Money given by the founder is considered “other support” and is not used to determine “gross contributions.”

If your organization is a local post, chapter or similarly designated element of a bona fide **veterans' group (501(c)(19) groups)** or a **veterans' organization** chartered under federal law, the Short Form CRI-200 is required, regardless of the amount of gross contributions.

What is the proper registration fee?

Registration fees are based on the amount of annual gross contributions raised by an organization. The following is the fee schedule for **short-form registrants**:

organizations raising less than \$10,000 annually\$0
organizations raising more than \$10,000 annually\$30

The following applies to **long-form registrants**:

organizations raising less than \$100,000 annually\$60
organizations raising between
\$100,000 and \$500,000 annually\$150
organizations raising more than \$500,000 annually\$250.

Remember, your fee is based on gross contributions and includes the total of direct and indirect public contributions.

What is meant by Gross Contributions?

A contribution is a promise or pledge of money, or anything of value, in response to a solicitation. Gross contributions are the total amount of direct and indirect contributions. Gross contributions **include** the total amount of contributions received by an organization nationwide, before any deductions for expenses, or collection of overhead, or for anyone's services; such as services provided by fundraising counsel or independent paid fund-raisers. Gross contributions include money raised at a special event, such as a dinner dance or walk-a-thon, bingo, raffles and door-to-door sales of merchandise. (Line 9(a) on Form 990.)

Gross contributions **do not** include bona fide fees, dues or assessments paid by members, provided that membership is not conferred as a consideration for making a contribution in response to a solicitation, government grants, or personal services rendered by a volunteer.

Is a Certified Audit required?

The CRI Act **requires** a certified audit when two components are met:

1. the organization is required to file a long form; and
2. the annual gross revenue exceeds \$100,000.

A certified audit is not required from organizations permitted to file a short form, even if the total revenue exceeds \$100,000. However, the CRI Act does allow the Attorney General to require a certified audit from any organization at any time.

What if I need an extension of time to file the registration forms?

If you receive an extension of time to file Form 990 from the IRS, you are **not** automatically given an extension to file your charitable organization's registration form. You can apply for an extension either by filing an extension request form (CRI-400) or by requesting an extension in writing. Such requests should contain the reason(s) an extension of time is needed, a copy of the IRS extension request acceptance (if a request for an extension of time was submitted to the IRS) and the registration fee for the applicable year. In order for an extension of time to be granted by the Charities Registration Section, an organization must be registered and in compliance with the CRI Act.

If you pay your registration fee at the time you apply for an extension, you do not have to pay again when you file your registration. It is particularly important to apply for an extension if your organization cannot meet the due date since registrations received late will be assessed a late fee and the organization will be considered to be in violation of the law.

What if another company does the fund raising for us?

If you have contracted with another company to raise funds on your behalf, you must still register with us. Additionally, the professional fund-raiser (PFR) must also register and a copy of the contract between the two parties must be submitted. Contracting with an unregistered professional fund-raiser is a violation of the CRI Act.

It is important to note that the charitable organization is responsible for its fund-raising campaign, whether it is conducted by employees/volunteers of your organization or by a PFR. You must establish and exercise control over fund-raising activities conducted on your behalf, including approval of all written contracts and agreements, and must assure that fund-raising activities are conducted without coercion.

Additionally, the CRI Act requires that all statements made during the course of a solicitation, whether oral or written, be truthful. Take the time to review solicitation materials and approve scripts to ensure that the fund-raising campaign conducted on your behalf is honest and fair.

Who is exempt from registration?

The CRI Act provides for three types of exemptions. First, any **religious** corporation, trust, foundation, association or organization does not have to register. Second, any **educational institution**, if the curricula in whole or in part are registered or approved by the state's Department of Education or the state's Commission on Higher

Education, either directly or by acceptance of accreditation by an accredited body recognized by these departments. Any educational institution confining its solicitation of contributions to its student body, alumni, faculty and trustees, and their families, is also exempt from registration provided that the institution's annual financial report is filed with the state's Department of Education where it shall be open for public inspection. The third type of exemption offered by the CRI Act is a **library** registered by the state's Department of Education, providing that the library's financial report is filed with the Department of Education annually.

If your organization falls within any of the above three categories, you should complete a CRI-100, and send us your bylaws, articles of incorporation, IRS determination letter and most recent Form 990. If you qualify for an exemption, you will be assigned an exemption number which can be used when applying for grants or managing inquiries from the public.

What if we choose not to register?

Charitable organizations can not choose **not** to be registered pursuant to the CRI Act. The CRI Act requires that all charitable organizations **MUST** register! Failure to register is a violation of the CRI Act. Failure to register can result in fines and penalties of up to \$7,500 for the first violation, and \$15,000 for every violation thereafter. Additionally, an organization's ability to continue as a charitable organization in the state of New Jersey may be jeopardized. It benefits the state, the charitable organization and the citizens of New Jersey to comply with the law.

How can I learn more about becoming a nonprofit organization in New Jersey?

In addition to the requirements of the CRI Act, charitable organizations in New Jersey need to be aware of other requirements. The following is a list of agencies you may need to contact to learn as much as possible about the requirements of the law.

Federal Income Tax Exemption and Employer Identification Number:

Contact the Internal Revenue Service at 1-800-829-3676 or 631-447-4991, or by fax at 513-263-3756, or visit the IRS Web page at <http://www.irs.gov>.

N.J. Sales Tax Exemption

Contact the Division of Taxation at 609-984-5739 or 609-292-5994.

Incorporating Nonprofits

Contact the Department of Treasury, Commercial Recording Division at 609-530-6400.

There are other nonprofit organizations in the state of New Jersey that may be willing to help you form your nonprofit organization. Contact the groups listed below to find out more about how they may be able to help you.

The Center for Nonprofit Corporations at 732-227-0800
Accountants for the Public Interest at 732-249-7565

To learn more about the CRI Act, or to request a registration form, call the Charities Hotline at 973-504-6215, or visit our Web site at www.state.nj.us/lps/ca/charhlp.htm. The Hotline hours are 9:00 a.m. to 4:30 p.m. The staff of the Charities Registration Section will be happy to assist you in any way possible.